



To: All Rental Housing Tax Credit Recipients

Notice: MFD-09-03

From: IHCD Multi Family Department

Date: February 3, 2009

Re: Common 2008 Physical Inspection Non-Compliance Issues

As a service to Owners and Management Companies of Section 42 Developments, IHCD is providing a list of the most common physical inspection non-compliance issues identified during the 2008 Monitoring Year. The list includes findings identified in the third party periodic inspection reports and IHCD Pre-8609 inspection reports. Historically, physical non-compliance issues have been the most common reason for the issuance of IRS Form 8823. Hopefully, the information provided on this list will help prevent future physical non-compliance.

The most commonly cited non-compliance issues from the 2008 physical inspection reports by Criterion-Van Marter Engineers are as follows:

- Fogged thermo pane windows
- Inoperable electrical GFCI outlet receptacles
- Missing/damaged windows & window screens
- Smoke detectors missing or missing batteries
- Inoperable fire alarm panels
- Missing fire extinguishers
- Expired inspection tags on fire extinguishers
- Drives/parking areas in need of seal-coating/stripping/repairs
- Water heater safety valve piping missing
- Electrical Circuit panels not labeled (circuits not identified)
- Mold/mildew present

- Deteriorated floor coverings
- Drywall damage
- Sealant/caulking needed in bathrooms & kitchens
- Ceramic tiles deteriorated/broken/in need of grouting
- Missing/broken electrical outlet cover-plates
- Loose plumbing fixtures
- Inoperable/malfunctioning appliances
- Water damage
- Water/plumbing leaks

The most commonly cited non-compliance issues from the 2008 IHCD pre-8609 physical inspection reports are as follows:

- Screens at clothes dryer vent terminations
- Screws installed in the clothes dryer exhaust ducts
- Clothes dryer vents clogged with lint
- Damaged clothes dryer vent back-draft dampers
- Water heater safety valve piping indirectly connecting to a source of contamination
- Missing smoke detectors
- Inoperable smoke detectors
- Batteries missing from smoke detectors
- Smoke detectors not being electrically interconnected
- Smoke detector dust/construction covers not removed after construction completed
- Bathroom moisture exhaust fans inoperable and/or disconnected
- Electrical panels working clearances/clear floor space with storage in front of panel
- Inoperable emergency lights
- Fire rated doors propped open or would not fully close & latch
- Electrical GFCI receptacles would not trip when tested
- Flammable storage cabinets not being electrically bonded/grounded
- Improper storage of gasoline and gasoline powered equipment
- Loose/worn out electrical contacts in electrical outlet receptacles
- Loose/worn out electrical switches
- Insufficient combustion air provided for fuel burning appliances

Public complaint inspections in 2008 revealed vacant, boarded-up, and/or uninhabitable units and buildings.

According to IRS Section 42 rules, units must be maintained in a habitable condition and in a rent ready state. If the owner or management company determines that a unit, building, or an entire development is not in compliance with the RHTC program requirements, IHCD should be notified immediately and a plan formulated, in writing, to bring the development back into compliance. Vacant units boarded up to prevent looting/break-ins are required to be habitable and rent ready as well. Units that are not habitable are also required to be reported to IHCD immediately.